



Department of the Treasury  
Internal Revenue Service

## Publication 4243

(Rev. September 2004)

# Draft Excerpts from Miscellaneous Tax Form Instructions

For use in preparing

## 2004 Returns

### **Caution: DRAFT WORKSHEETS**

This publication contains early release drafts of selected worksheets from miscellaneous tax form instructions. The worksheets are subject to change before they are officially released. The drafts will appear only on the Internet.

If you have comments on any of the draft worksheets, you can submit the comments to us at our website. Include the word **DRAFT** in your response and the "Proof as of" date. You may make comments anonymously, or you may include your name and e-mail address or phone number. We cannot respond to all comments due to the high volume we receive. However, we will consider each suggestion carefully.

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## **Introduction**

This publication contains draft worksheets and tables from miscellaneous Tax Form Instructions for tax year 2004. We are making these drafts available to help you plan for the coming filing season. This publication is only available on the Internet.

The status of the worksheet or table will be shown in the overlay. For example, the worksheet may show “Proof as of July 25, 2004 (Subject to Change).”

A new version of a worksheet or table will be posted only if there is a change in the computation. The final version of the worksheet will be posted as part of the ok-to-print instructions product.

Complete this worksheet only if line 14b, column (2), or line 14c, column (2), of Schedule D is more than zero.

**Exception:** Do not use this worksheet to figure the estate's or trust's tax if line 14a, column (2), or line 15, column (2), of Schedule D or Form 1041, line 22, is zero or less; instead, see the instructions for Schedule G, line 1a of Form 1041.

1. Enter the estate's or trust's taxable income from Form 1041, line 22	1.	_____
2. Enter qualified dividends, if any, from Form 1041, line 2b(2)	2.	_____
3. Enter the amount from Form 4952, line 4g	3.	_____
4. Enter the amount from Form 4952, line 4e*	4.	_____
5. Subtract line 4 from line 3. If zero or less, enter -0-	5.	_____
6. Subtract line 5 from line 2. If zero or less, enter -0-	6.	_____
7. Enter the <b>smaller</b> of line 14a, col. (2) or line 15, col. (2) from Sch. D	7.	_____
8. Enter the <b>smaller</b> of line 3 or line 4	8.	_____
9. Subtract line 8 from line 7. If zero or less, enter -0-	9.	_____
10. Add lines 6 and 9	10.	_____
11. Add lines 14b, column (2) and 14c, column (2) from Schedule D	11.	_____
12. Enter the <b>smaller</b> of line 9 or line 11	12.	_____
13. Subtract line 12 from line 10.	13.	_____
14. Subtract line 13 from line 1. If zero or less, enter -0-	14.	_____
15. Enter the <b>smaller</b> of line 1 or \$1,950	15.	_____
16. Enter the <b>smaller</b> of line 14 or line 15	16.	_____
17. Subtract line 10 from line 1. If zero or less, enter -0-	17.	_____
18. Enter the <b>larger</b> of line 16 or line 17	18.	_____
If lines 15 and 16 are the same, skip lines 19 through 20 and go to line 21. Otherwise, go to line 19.		
19. Subtract line 16 from line 15	19.	_____
20. Multiply line 19 by 5% (.05)	20.	_____
If lines 1 and 15 are the same, skip lines 21 through 33 and go to line 34. Otherwise, go to line 21.		
21. Enter the <b>smaller</b> of line 1 or line 13	21.	_____
22. Enter the amount from line 19 (if line 19 is blank, enter -0-)	22.	_____
23. Subtract line 22 from line 21. If zero or less, enter -0-	23.	_____
24. Multiply line 23 by 15% (.15)	24.	_____
If Schedule D, line 14b, column (2) is zero or blank, skip lines 25 through 30 and go to line 31. Otherwise, go to line 25.		
25. Enter the <b>smaller</b> of line 9 (above) or line 14b, col. (2) (from Schedule D)	25.	_____
26. Add lines 10 and 18	26.	_____
27. Enter the amount from line 1 above	27.	_____
28. Subtract line 27 from line 26. If zero or less, enter -0-	28.	_____
29. Subtract line 28 from line 25. If zero or less, enter -0-	29.	_____
30. Multiply line 29 by 25% (.25)	30.	_____
If Schedule D, line 14c, column (2) is zero or blank, skip lines 31 through 33 and go to line 34. Otherwise, go to line 31.		
31. Add lines 18, 19, 23, and 29	31.	_____
32. Subtract line 31 from line 1	32.	_____
33. Multiply line 32 by 28% (.28)	33.	_____
34. Figure the tax on the amount on line 18. Use the 2004 Tax Rate Schedule on page 21	34.	_____
35. Add lines 20, 24, 30, 33, and 34	35.	_____
36. Figure the tax on the amount on line 1. Use 2004 Tax Rate Schedule on page 21	36.	_____
37. <b>Tax on all taxable income (including capital gains and qualified dividends).</b> Enter the <b>smaller</b> of line 35 or line 36 here and on line 1a of Sch. G, Form 1041	37.	_____

\*If applicable, enter instead the smaller amount entered on the dotted line next to line 4e of Form 4952.

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**Child's Investment Income**  
**Worksheet—Line 1**  
(keep for your records)



1. Enter the amount from the child's Form 1040, line 22; Form 1040A, line 15; or Form 1040NR, line 23, whichever applies . . . . . \_\_\_\_\_
  2. Enter the child's **earned income** (defined on page 1) plus any amount from the child's Form 1040, line 33, or Form 1040NR, line 31, whichever applies . . . . . \_\_\_\_\_
  3. Subtract line 2 from line 1. Enter the result here and on Form 8615, line 1 . . . . . \_\_\_\_\_
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**Line 5 Worksheet #1**  
(keep for your records)



Use this worksheet only if line 2 of the child's Form 8615 is \$1,600 and lines 3 and 5 are the same amount.

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1. Enter the child's qualified dividends . . . . .
  2. Enter the child's net capital gain . . . . .
  3. Enter the amount from the child's Form 8615, line 1 . . . . .
  4. Divide line 1 by line 3. Enter the result as a decimal (rounded to at least three places). Do not enter more than 1.000 . . . . .
  5. Divide line 2 by line 3. Enter the result as a decimal (rounded to at least three places). Do not enter more than 1.000 . . . . .
  6. Multiply \$1,600 by line 4 . . . . .
  7. Multiply \$1,600 by line 5 . . . . .
  8. **Qualified dividends on Form 8615, line 5.** Subtract line 6 from line 1 (but do not enter less than zero or more than the amount on Form 8615, line 5 . . . . .
  9. **Net capital gain on Form 8615, line 5.** Subtract line 7 from line 2 (but do not enter less than zero or more than the excess of Form 8615, line 5, over line 8 of this worksheet) . . . . .
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**Line 5 Worksheet #2**  
(keep for your records)



Use this worksheet only if line 2 of the child's Form 8615 is more than \$1,600 and lines 3 and 5 are the same amount.

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1. Enter the child's qualified dividends . . . . . \_\_\_\_\_
  2. Enter the child's net capital gain . . . . . \_\_\_\_\_
  3. Add lines 1 and 2 . . . . . \_\_\_\_\_
  4. Divide line 1 by line 3. Enter the result as a decimal (rounded to at least three places) . . . . . \_\_\_\_\_
  5. Enter the child's itemized deductions directly connected with the production of the child's qualified dividends or net capital gain . . . . . \_\_\_\_\_
  6. Multiply line 4 by line 5 . . . . . \_\_\_\_\_
  7. Subtract line 6 from line 5 . . . . . \_\_\_\_\_
  8. Subtract line 7 from line 2 . . . . . \_\_\_\_\_
  9. Subtract line 6 from line 1 . . . . . \_\_\_\_\_
  10. Enter the amount from the child's Form 8615, line 1 . . . . . \_\_\_\_\_
  11. Divide line 1 by line 10. Enter the result as a decimal (rounded to at least three places). Do not enter more than 1.000 . . . . . \_\_\_\_\_
  12. Divide line 2 by line 10. Enter the result as a decimal (rounded to at least three places). Do not enter more than 1.000 minus the amount on line 11 . . . . . \_\_\_\_\_
  13. Multiply \$800 by line 11 . . . . . \_\_\_\_\_
  14. Multiply \$800 by line 12 . . . . . \_\_\_\_\_
  15. **Qualified dividends on Form 8615, line 5.** Subtract line 13 from line 9 (but do not enter less than zero or more than the amount on Form 8615, line 5) . . . . . \_\_\_\_\_
  16. **Net capital gain on Form 8615, line 5.** Subtract line 14 from line 8 (but do not enter less than zero or more than the excess of Form 8615, line 5, over line 15 of this worksheet) . . . . . \_\_\_\_\_
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**Line 5 Worksheet #3**  
(keep for your records)



Use this worksheet only if the child's Form 8615, line 5, is less than line 3.

1. Enter the child's qualified dividends . . . . . \_\_\_\_\_
2. Enter the child's net capital gain \_\_\_\_\_
3. Add lines 1 and 2 . . . . . \_\_\_\_\_
4. Divide line 1 by line 3. Enter the result as a decimal (rounded to at least three places) . . . . . \_\_\_\_\_
5. If the child itemized deductions, enter the child's itemized deductions directly connected with the production of the income on line 3 . . . . . \_\_\_\_\_
6. Multiply line 4 by Line 5 . . . . . \_\_\_\_\_
7. Subtract line 6 from line 5 . . . . . \_\_\_\_\_
8. Subtract line 7 from line 2 . . . . . \_\_\_\_\_
9. Subtract line 6 from line 1 . . . . . \_\_\_\_\_
10. If the child can claim his or her own exemption, enter \$3,100\*. Otherwise, enter -0- . . . . . \_\_\_\_\_
11. If the child itemized deductions, enter the child's itemized deductions not directly connected with the production of the income on line 3. Otherwise, enter the child's standard deduction . . . . . \_\_\_\_\_
12. Add lines 10 and 11 . . . . . \_\_\_\_\_
13. Enter the child's adjusted gross income (Form 1040, line 37; Form 1040A, line 22; or Form 1040NR, line 35) . . . . . \_\_\_\_\_
14. Divide line 3 by line 13. Enter the result as a decimal (rounded to at least three places). Do not enter more than 1.000 . . . . . \_\_\_\_\_
15. Multiply line 12 by line 14 . . . . . \_\_\_\_\_
16. Multiply line 15 by line 4 . . . . . \_\_\_\_\_
17. Subtract line 16 from line 15 . . . . . \_\_\_\_\_
18. **Qualified dividends on Form 8615, line 5.** Subtract line 16 from line 9. Enter the result here (but do not enter less than zero or more than the amount on Form 8615, line 5) . . . . . \_\_\_\_\_
19. **Net capital gain on Form 8615, line 5.** Subtract line 17 from line 8 (but do not enter less than zero or more than the excess of Form 8615, line 5, over line 18 of this worksheet) \_\_\_\_\_

\* If you enter more than \$142,700 on line 13, see *Deduction for Exemptions Worksheet—Line 41* in the Form 1040 instructions for the amount to enter on line 10.